Manitoba Lotteries & Gaming Control Commission

ANNUAL REPORT

1982 — 1983

84- 3209 /

MANITOBA

MINISTER OF FITNESS, RECREATION AND SPORT
MINISTRE DE LA CONDITION PHYSIQUE DES LOISIRS ET DU SPORT

WINNIPEG, MANITOBA
R3C 3H8

Her Honour
The Honourable Pearl McGonigal
Lieutenant-Governor of Manitoba
Room 235
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Your Honour:

I have the honour to submit the Annual Report of the Manitoba Lotteries and Gaming Control Commission for the fiscal period ending March 31, 1983.

Respectfully submitted,

L.L. Desjardins

HONOURABLE L.L. DESJARDINS
Minister Responsible for Lotteries

MANITOBA LOTTERIES FOUNDATION

301 - 207 DONALD STREET, WINNIPEG, MANITOBA R3C 1M5

The Honourable L.L. Desjardins
Minister Responsible for Lotteries
7th Floor
175 Hargrave Street
Winnipeg, Manitoba
R3C 3R8

Sir:

I have the honour to transmit herewith the Annual Report of the Manitoba Lotteries and Gaming Control Commission for the fiscal year ended March 31, 1983.

Respectfully submitted,

GARTH K. MANNESS
Chairman
Board of Directors

Chairman's Report

The fiscal period ended March 31, 1983 marked the end of another successful year for lotteries in Manitoba.

While overall consumer spending on lottery products available through the Manitoba Lotteries and Gaming Control Commission increased about 13% over the previous year, the net revenue declined slightly due to increased product costs and a higher payment to the federal government.

To meet the public's demand for new and different products a new pick-your-own-number game, Lotto 6/49, was introduced in June of 1982. This new game offset sales decreases in the Western Express and The Provincial lottery games. Super Loto sales increased over the previous year and the popular Tic-Tac-Toe instant lottery was again offered, with sales more than double those of the previous year.

Revenue-sharing between the four-partner Western Lottery-Manitoba Distributor Inc. (W.L.M.D. Inc.) and the Manitoba Lotteries and Gaming Control Commission continued throughout the year on the established 51%-49% basis for distributed products, excluding Lotto 6/49. W.L.M.D. Inc. is composed of the United Way of Winnipeg, the Manitoba Arts Council, the Manitoba Sports Federation and Total Community Involvement Inc.

On March 30, 1983 new legislation establishing the Manitoba Lotteries Foundation was proclaimed. The new Foundation replaces the Manitoba Lotteries and Gaming Control Commission and the Manitoba Lotteries and Gaming Licensing Board. While these two organizations had shared premises, management and staff, the creation of the new Foundation consolidates the operation of the two boards and addresses some administrative and policy concerns. The new Manitoba Lotteries Foundation will play the major role in future development and regulatioon of lotteries and gaming in the Province of Manitoba.

MANITOBA

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

THE MANITOBA LOTTERIES AND GAMING CONTROL COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Lotteries and Gaming Control Commission as at March 31, 1983 and the statements of general reserve, revenue and expenditures and net lottery sales revenue for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to resolution of the matter explained in note 4, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

W.K. ZIPRICK, C.A.,
Provincial Auditor

November 17, 1983,
Winnipeg, Manitoba

Balance Sheet

as at March 31, 1983 *(with 1982 figures for comparison)*

Assets

	1983	1982
Current Assets:		
Cash on deposit	$ 325,527	$ 366,335
Accrued interest receivable	3,072	8,296
Western Canada Lottery Foundation	2,614,057	919,094
Manitoba Lotteries and Gaming Licensing Board (Note 3)	47,531	36,882
Miscellaneous Receivables	20,402	14,955
	3,010,589	1,345,562
Manitoba Lotteries and Gaming Licensing Board (Note 3)	18,459	24,707
Fixed assets:		
Furnishings and equipment	28,800	27,284
Leasehold improvements	18,127	17,500
	46,927	44,784
Less: Accumulated depreciation and amortization	20,462	12,518
	26,465	32,266
	$3,055,513	$1,402,535

Liabilities

Current liabilities:		
Western Lottery — Manitoba Distributor Inc.	$1,095,417	$ 719,260
Accounts payable and accrued	48,108	26,640
	1,143,525	745,900
General Reserve	1,911,988	656,635
	$3,055,513	$1,402,535

Statement of General Reserve

for the year ended March 31, 1983 *(with 1982 figures for comparison)*

	1983	1982
Balance, beginning of year	$ 656,635	$1,432,080
Add:		
Excess of revenue over expenditures for the year	4,570,353	4,279,555
	5,226,988	5,711,635
Deduct:		
Funds transferred to Government of Manitoba		
Department of Cultural Affairs and Historical Resources	1,105,000	1,765,000
Department of Fitness, Recreation and Sport	2,210,000	3,290,000
	3,315,000	5,055,000
Balance, end of year	$1,911,988	$ 656,635

Statement of Revenue and Expenditures

for the year ended March 31, 1983 (with 1982 figures for comparison)

	1983	1982
Revenue:		
Net Lottery Sales Revenue	$9,297,401	$9,405,971
Revenue shared by agreement with Western Lottery — Manitoba Distributor Inc. (Note 4)	2,723,875	3,358,728
	6,573,526	6,047,243
Federal contribution (Note 5)	1,893,967	1,713,448
	4,679,559	4,333,795
Interest	70,417	163,637
	4,749,976	4,497,432
Expenditures:		
Advertising and promotion	10,591	38,111
Annual report	2,050	8,502
Board members' fees and expenses	1,009	17,884
Cartage	982	718
Depreciation and amortization	7,944	5,518
Equipment rentals and maintenance	528	1,220
Office and storage space rental	34,715	20,593
Office supplies	12,925	11,256
Postage, telephone and telex	6,628	4,052
Professional fees	14,859	18,867
Salaries	86,591	83,380
Travel	803	9,967
	179,623	217,877
Excess of revenue over expenditures	$4,570,353	$4,279,555

Statement of Net Lottery Sales Revenue

for the year ended March 31, 1983 *(with 1982 figures for comparison)*

	1983	1982
Lottery sales at retail:		
Western Express	$12,394,790	$13,686,596
Provincial	6,867,135	7,739,750
Super Loto	7,918,480	7,258,950
Tic Tac Toe	6,000,000	2,983,100
Lotto 6/49	2,681,290	—
	35,861,695	31,668,396
Distributor and retailer commissions	6,374,221	5,942,497
	29,487,474	25,725,899
Cost of lottery sales	20,190,073	16,319,928
Net lottery sales revenue	$ 9,297,401	$ 9,405,971

Notes to Financial Statements

March 31, 1983

1. Significant accounting policies:

   (a) Operations —

   The Commission is the agent of the Government of Manitoba in the Western Canada Lottery Foundation, the organization responsible for providing lottery tickets, determining the winning tickets and paying out the prizes.

   The Commission supervises the lottery sales in Manitoba through Western Lottery — Manitoba Distributor Inc. and authorized retailers.

   (b) Lottery revenue —

   Lottery revenue is received from Western Canada Lottery Foundation and represents the revenue the Foundation receives from lottery sales in Manitoba less Manitoba's share of the Foundation's costs associated with these sales.

   Revenue is recognized on sales for which draws were completed in the fiscal year.

   (c) Fixed assets —

   Fixed assets are recorded at cost. Furnishings and equipment are depreciated on a straight-line basis over 5 years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

2. Order-In-Council No. 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act. This Act provides for the establishment of the Manitoba Lotteries Foundation and repeals the Lotteries and Gaming Control Act resulting in the disestablishment of the Manitoba Lotteries and Gaming Control Commission and the Manitoba Lotteries and Gaming Licensing Board. The Manitoba Lotteries Foundation assumed all assets and liabilities of the Manitoba Lotteries and Gaming Control Commission and the Manitoba Lotteries and Gaming Licensing Board as of April 1, 1983.

3. The Manitoba Lotteries and Gaming Licensing Board:

   Since April 1, 1981, the Commission and the Licensing Board have shared premises, management and administrative staff. Certain operating costs were allocated between the two organizations. The portion of fiscal 1983 joint operating costs in the amount of $47,531, which were not recovered from the Licensing Board as at March 31, 1983, have not been provided for in a departmental appropriation and therefore have been absorbed by the Manitoba Lotteries Foundation as of April 1, 1983.

   Fixed assets for the new premises were purchased by the Commission. The Licensing Board was to reimburse the Commission for one-half of the cost by annual interest-free payments equal to its share of the depreciation and amortization charges. The net book value of these fixed assets in the amount of $18,459 as at March 31, 1983, which was to be recovered from the Licensing Board in future years, has been assumed by the Foundation as of April 1, 1983.

4. Western Lottery — Manitoba Distributor Inc.:

   The Manitoba Lotteries and Gaming Control Commission entered into an operating agreement with the Western Lottery — Manitoba Distributor Inc. as authorized by Order-in-Council 634/80 dated June 23, 1980. This agreement provides for the net revenues from all lottery sales of the Commission and of the Western Lottery — Manitoba Distributor Inc. to be apportioned 49% and 51% respectively. All net revenues are being shared on that basis except for net revenues from the Lotto 6/49 lottery product introduced for sale in the Province of Manitoba in June 1982.

   The Commission, as directed by the Minister Responsible for Lotteries, has not included the net revenues of $859,498 derived from the sale of the Lotto 6/49 lottery product in calculating the amount to be transferred to the Western Lottery — Manitoba Distributor Inc. for the fiscal year ended March 31, 1983. This amount was not transferred and the credit is included in General Reserve subject to a final decision by Cabinet.

5. Federal contribution:

   Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government. The Province of Manitoba's share for the 1983 fiscal year is $1,893,967 (1982 — $1,713,448).

6. Certain comparative figures for 1982 have been restated to conform with the 1983 presentation.